



OLR RESEARCH REPORT

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FOOD ASSISTANCE AND SUPERMARKET PRICING PATTERNS

By: Susan Price, Senior Attorney

You asked if supermarkets raise prices during the weeks in which Supplemental Nutritional Assistance Program ("SNAP," formerly Food Stamps) benefits are distributed.

We cannot give a definitive answer, as our literature search identified only two studies that examined this question and their authors reached contradictory conclusions. Neither study is likely to reflect Connecticut's current supermarket pricing cycles because (1) each analyzed trends in extremely limited geographical areas (three counties in Nevada and two rural counties in Ohio, respectively) and (2) the Ohio study, based on 1996 data, is outdated.

In Connecticut and most states, SNAP benefits are distributed during the first few days of the month and redemption rates peak sharply in the first three days after receipt (Wilde, Parke and C. Ranney, [*The Monthly Food Stamp Cycle: Shopping Frequency and Food Intake in an Endogenous Switching Regression Framework*](#), U.S. Department of Agriculture (2009)).

Researchers in a 2009 Nevada study determined that prices rose approximately 3% in weeks in which SNAP benefits were distributed. Its authors concluded that this trend was consistent with the pattern of shoppers' behavior: stores charged more the first week of the month because that was the time of peak demand. The researchers identified the tendency of SNAP recipients to do most of their shopping during this

week as being a partial reason for the higher demand (Hastings, J. and E. Washington, [*The “First of the Month” Effect: Consumer Behavior and Store Responses*](#), National Bureau of Economic Research (2009)).

On the other hand, in an Ohio study, researchers determined that, during a 13-week period in 1996, supermarket prices were usually lowest in the first week of the month. They were highest in either the second or third week 80% of the time (Kiel, Beverly, [*An Analysis of Supermarket Pricing*](#), 34 Journal of Extension 5 (1996)).

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